Spearpoint

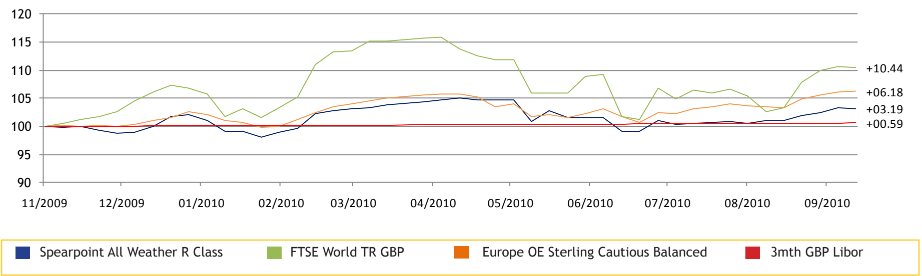
All Weather Fund R-Class

PRICE: £1.0319 (as at 28 September 2010) — **30 September 2010**

Fund Objectives

The Fund aims to deliver consistent and attractive returns to investors, considerably in excess of the returns from cash after all fees and expenses. Over rolling three year periods, the Fund also aims to generate returns that are competitive with the returns from other major asset classes such as equities and bonds.

Performance of the R Class Fund since inception to 28 September 2010



Source: Morningstar

Performance of the combined Institutional & R Class Funds since inception to 28 September 2010

	Return	Annualised Return	Annualised Volatility	Sharpe Ratio*	Maximum Drawdown**
Spearpoint All Weather GBP	17.44%	8.21%	8.26%	0.64	-5.61%
Europe OE Sterling Cautious Balanced	11.21%	5.35%	8.49%	0.29	-15.32%
FTSE World TR GBP	17.94%	8.43%	21.51%	0.26	-26.32%

*Risk free rate 2.90% yield on 10yr UK Gilt **Based on weekly data

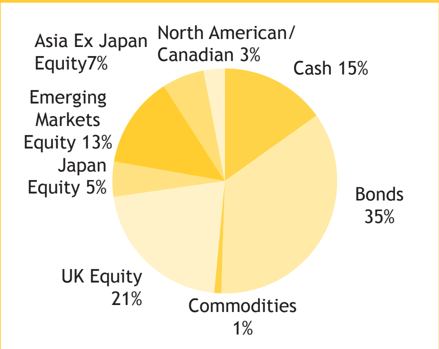
Data based on combination of Retail class (since 1/12/09) and Institutional class (from launch to 1/12/09)

Monthly Performance of the combined Institutional and R Class Funds since inception

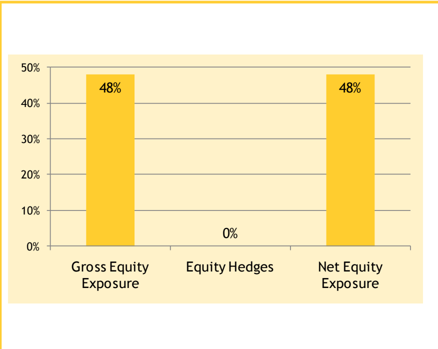
%	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
2010	***-0.97***	***0.65***	***4.07***	***1.17***	***-2.14***	**-3.54**	**1.40**	**0.54**	**2.16**	-	-	-	**3.16**
2009	0.20	-0.68	3.24	2.33	2.73	-1.13	3.15	2.16	2.34	-0.13	-0.05	***0.31***	15.30
2008									-1.20	-2.57	-0.31	2.90	-1.26

Data in italics and bold is the performance of the Retail class, prior monthly returns reflect the proforma of the Institutional share class

Asset Allocation



Net Equity Exposure



Fund Facts

Class: Retail

Fund Size: £50.8m

Base Currency: GBP

Launch Date: 19th November 2009

Launch Price: GBP1.00

Minimum Investment: GBP10,000

Return Objective: LIBOR cash + 4 to 6% over rolling 3 year cycles

Management Fee: 1.5% + Performance Fee

Dealing Frequency: Weekly

Lead Manager: Kevin Boscher

Lipper ID Code: 68052084

Sedol: B4TDPK2

ISIN: GG00B4TDPK20

Bloomberg Ticker Code: SPARALWR GU

Tactical Holdings

- JO Hambro Japan
- Schroders UK Alpha Plus
- M&G Optimal Income
- Investec Asia
- Veritas Asia
- GlaxoSmithKline
- Invista European Real Estate
- Vodafone
- Rabobank 4% 2013 (USD)
- UK Gilt 3.75% 2019
- UK Gilt 4.75% 2030
- Barratt Developments
- GAM China
- Ishares MSCI Far East Ex Japan
- ITV
- Atlantis China

Review

Equities have continued their recovery during September thanks to improving sentiment that at least two of the three main obstacles facing the global economy are abating, namely the risk of a double-dip US recession and China's slowdown. Meanwhile, both risk assets and bonds have also drawn strength from increasing speculation that the Federal Reserve (the Fed) will provide another dose of liquidity via Quantitative Easing (QE). Whilst there are divisions amongst policymakers about the likely wisdom and effectiveness of additional stimulus, any further weakness in the economy or renewed decline in inflation would likely prompt action. The Fund rose 2.2% over the month and has now gained 3.2% year-to-date.

Outlook

There has been no real improvement in the third key challenge facing the world economy – sovereign debt problems within the Eurozone, which threaten the very survival of the Euro in its current state. The ECB and IMF are addressing the short term liquidity needs of the southern European countries, but the longer-term solvency issue is still a major cause for concern.

The US will likely avoid a double-dip and continued economic strength in most emerging markets will underpin the global recovery and support financial assets. Policymakers will need to step in and provide more monetary stimulus if necessary, but have indicated a willingness to do so.

Longer term, the US and Europe are probably in a multi-year period of below trend growth, which will help keep inflation and bond yields low, but the risk of deflation will stay elevated. This is not necessarily bad news for risk assets as monetary policy will stay very accommodative and the developing economies are still growing at a very fast pace.

Equities have been stuck in a trading range for some time as investors have tried to grapple with the unprecedented financial uncertainty. There are strong deflationary tendencies across most of the developed world as consumers and governments continue to reduce leverage, the credit system remains impaired, structural unemployment is high, the housing market in the US is still depressed and investors are reluctant to take on risk.

On the other hand, there are powerful reflationary forces at work with unprecedented monetary stimulus, record low interest rates and bond yields, and the prospect of additional stimulus ahead. In the meantime, many companies are in strong financial health, which should support a pick-up in M&A (merger & acquisition) activity and share-buybacks, as well as dividend increases. At the same time, valuations are compelling.

The past few months have been challenging and dominated by the "risk-on, risk-off" debate. "Risk-off" has been driven by concerns over the aforementioned obstacles. The "risk-on" trades have generally been driven by a reversal of sentiment towards one or more of these concerns and a realisation that policymakers can and will provide more stimulus, if required.

So far this year, we have focused on capital preservation strategies when the "risk-off" trades have dominated and when we have had a lack of clarity or conviction about the global economic landscape. We have switched to taking more risk when sentiment appeared to be too pessimistic or where we have felt that there would be a catalyst for change.

Having recently been in defensive mode, we sense that it is probably time to take a more optimistic view of things and increase weightings in risk assets including equities and commodities. Most of the bad news is "priced-in" and in the absence of a new shock, or deterioration in the outlook for global growth, equities could continue to surprise on the upside into the early part of next year, especially as many investors are holding too much cash in a low interest rate environment. The many challenges facing global policymakers should not be underestimated, however, and if the outlook deteriorates, then we will rapidly change strategy.

Contact Details

Spearpoint Limited

PO Box 621
Yorkshire House
Le Truchot
St Peter Port
Guernsey GY1 4PH
Telephone +44 (0)1481 815555
Facsimile +44 (0)1481 815501

PO Box 389
Liberation House
Castle Street
St Helier
Jersey JE4 9ZW
Telephone +44 (0)1534 715555
Facsimile +44 (0)1534 715501

Email sharperthinking@spearpoint.com
Website www.spearpoint.com